



MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
Tuesday, May 19, 2009
980 9th Street, Conference Center, 2nd Floor
Sacramento, California 95814

Chairman Dale Bonner called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:40 p.m.

1. Call To Order and Roll Call.

The following Board members were in attendance:

Dale Bonner, Secretary of the Business, Transportation and Housing Agency.

Tom Sheehy represented the Director of the Department of Finance.

Francisco Lujano represented the State Treasurer.

Fred Aguiar, Secretary of the State and Consumer Services Agency.

D. Everett Rice, Governor's appointee.

The following I-Bank staff members were in attendance:

Stan Hazelroth, Molly Arnold, Paula Connors and Merrill Stevenson.

2. Executive Director's Report.

Executive Director Stan Hazelroth reported to the Board the following:

- The I-Bank's current Infrastructure State Revolving Fund Program borrower, the Los Osos Community Services District, recently received two awards from the Central Coast Chapter of the American Public Works Association (APWA) for two components of the I-Bank funded water system project. The I-Bank made a \$5 million loan to the District in late 2004 to finance several District-wide water system capital improvements. The APWA presented the Project of the Year award for projects less than \$2 million to the District for the hydro-pneumatic zone expansion and well upgrade project component. The District also received an honorable mention for the project component involving pipe upgrade on 16th Street between El Moro Street and Santa Maria Street.
- The execution of three inducement certificates (two for industrial development bonds and one for an exempt facility) for: Solar Atmospheres for \$10,000,000 on January 22, 2009; Olam West Coast, Inc. for \$10,000,000 on January 26, 2009; and, Maguire Aviation for \$100,000,000 on May 18, 2009.
- The I-Bank will host a conference call with city and county representatives and other interested parties regarding the new American Recovery and Reinvestment Act Recovery Zone Economic Development Bonds and will assess the interest in a pooled bond program for this new type of taxable governmental bonds.

Consent Items:

3. Approve minutes from the meeting held on April 29, 2009.

Chairman Bonner called for questions or comments from the Board and the public. Hearing none, he entertained a motion to approve this consent item. Mr. Aguiar moved to approve the minutes and Mr. Rice seconded the motion. The minutes were unanimously approved.

Action Items:

4. A resolution approving the sale, issuance and delivery of tax-exempt industrial development bonds for Olam West Coast, Inc., and/or a related party, in an amount not to exceed \$10,000,000 to finance the acquisition, renovation, restoration, improvement, equipping, and general development of an economic development facility in Firebaugh, California.

Ms. Connors presented a staff report describing the request to issue up to \$10,000,000 in tax-exempt industrial development revenue bonds for the Olam West Coast, Inc. dba Key Food Ingredients (Olam) to be used for the acquisition of commercial land and buildings and the renovation of existing dehydration and packaging equipment. Ms. Connors explained that the project will facilitate the reuse of a vacant existing dehydration facility and create an estimated 175 new full time jobs within two years of project completion. Ms. Connors introduced Mr. Leon, Olam's Chief Financial Officer who answered questions from Mr. Rice regarding the facility's water availability and usage and explained that the only water the plant uses is in the initial washing process before the drying process. Mr. Leon also confirmed for Mr. Sheehy that it makes business and environmental sense to have a vegetable dehydration facility near the supply of product rather than trucking raw materials long distances before dehydrating and packaging.

Chairman Bonner called for any more questions or comments from the Board or the public. Hearing none, he entertained a motion to approve Resolution No. 09-19. Mr. Sheehy moved to approve the resolution and Mr. Lujano seconded the motion. The Board unanimously approved the resolution.

5. A resolution approving the sale, issuance and delivery of tax-exempt 501(c)(3) revenue bonds for The Bay Institute Aquarium Foundation in an amount not to exceed \$12,000,000 to finance the acquisition of an economic development facility in San Francisco, California.

Ms. Connors presented a staff report describing the request for up to \$9,000,000 in 501(c)(3) revenue bonds for the Bay Institute Aquarium Foundation. Ms. Connors reported that the proceeds would finance acquisition of the Aquarium of the Bay located at Pier 39 in San Francisco, a 65,000 square foot facility that has two main aquariums that hold 700,000 gallons of water with 300 feet of clear acrylic tunnels, touch pools, marine life, and is the second most visited attraction in San Francisco with 570,000 visitors. Ms. Connors explained that the Foundation's business plan for the aquarium includes a strong education initiative that will involve year round visits from students from schools in the region. Ms. Connors introduced Mr. Frawley, a Executive Director of the Aquarium, with nineteen years experience in the zoo and aquarium industry..

Chairman Bonner called for questions or comments from the Board and the public. Ms. Connors responded to a question from Mr. Aguiar and explained that the bondholders are additionally secured by a confirming letter of credit provided by the Federal Home Loan Bank of San Francisco. Hearing no further questions or comments, Chairman Bonner entertained a motion to approve Resolution No. 09-20. Mr. Aguiar moved to approve the resolution and Mr. Rice seconded the motion. The Board unanimously approved the resolution.

6. A resolution appointing a firm to provide investment advisory services to the I-Bank and authorizing a multi-year contract between the I-Bank and the appointed firm.

Ms. Connors presented a staff report in which she indicated that the staff completed a request for qualifications process for investment advisory services and is recommending the Board appoint Bond Logistix LLC (BLX) to provide investment advisory services, and that the Board authorize the Executive Director to enter into a contract with the firm for a three year period beginning June 1, 2009 and ending May 31, 2010, for an amount not to exceed \$150,000.

Chairman Bonner called for questions or comments from the Board and the public. Ms. Connors explained in response to a query by Mr. Rice that the staff had received a letter from Orrick, Herrington & Sutcliffe LLP (Orrick) confirming that there is no conflict between BLX and Orrick both providing consulting services to the I-Bank since the firms provide different services to the I-Bank.

Hearing no further questions or comments, Chairman Bonner entertained a motion to approve Resolution No. 09-21. Mr. Rice moved to approve the resolution and Mr. Sheehy seconded the motion. The Board unanimously approved the resolution.

7. A resolution appointing a firm to provide accounting services to the I-Bank and authorizing a multi-year contract between the I-Bank and the appointed firm.

Mr. Stevenson presented a staff report in which he indicated that the staff completed a request for qualifications process for accounting services and is recommending the Board appoint Gilbert and Associates, Inc. to provide accounting services, and that the Board authorize the Executive Director to enter into a contract with the firm for a three year period beginning June 1, 2009 and ending May 31, 2010, for an amount not to exceed \$150,000

Chairman Bonner called for questions or comments from the Board and the public. Hearing none, he entertained a motion to approve Resolution No. 09-22. Mr. Aguiar moved to approve the resolution and Mr. Rice seconded the motion. The Board unanimously approved the resolution.

Other Non-Action Business.

Chairman Bonner called for any other business; there was none.

Public Comment.

Chairman Bonner called for any public comment; there was none.

Adjournment.

Chairman Bonner declared the meeting adjourned at approximately 2:20 p.m.